

CIA/OER/S-07523-75
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US OIL IMPORT COSTS

MAY 75
01 OF 01

S-07523

7 May 1975

MEMORANDUM FOR THE RECORD

SUBJECT: US Oil Import Costs

CIA/OER/S-07523-75

The attached was prepared at the request of Mr. James
Rooney, Council on International Economic Policy. The
material was prepared by [redacted] and
was forwarded to Mr. Rooney on 1 May 1975.

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Office of Economic Research

Attachment:
As stated

[redacted]

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US Oil Import Costs

The Arab oil embargo and the subsequent price increases by the OPEC nations have greatly boosted US oil import costs. In 1973 and 1974, the US imported nearly six million barrels a day of crude oil and refined products. The cost of imported crude oil increased from \$2.74 per barrel in early 1973 to an average of \$11.54 per barrel in the last half of 1974. Refined product prices went up by a similar amount, from \$2.71 in early 1973 to \$11.00 in late 1974. As a result of these sharp price boosts, the total cost of US oil imports increased from \$7.7 billion (f.o.b.) in 1973 to \$24.6 billion (f.o.b.) in 1974.

Total oil import costs are likely to remain stable at about \$25 billion f.o.b. in 1975, and then rise in 1976 and 1977 as economic recovery boosts import volume and the OPEC nations increase their prices. A combination of economic recovery and declining domestic oil and natural gas production will probably boost US oil imports until the completion of the Alaska pipeline in late 1977 or early 1978. Oil import prices appear likely to rise gradually over the next few years, as the OPEC nations increase their taxes and royalties to offset the impact of inflation on their revenues. Although forecasting OPEC prices decisions is difficult, we estimate that crude oil prices are likely to remain at their present levels for most if not all of this year, and

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then go up by about 8% in 1976 and a further 5% in 1977.

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The Cost of US Oil Imports 1973-1975

| | <u>Jan</u> | <u>Feb</u> | <u>Mar</u> | <u>Apr</u> | <u>May</u> | <u>Jun</u> | <u>Jul</u> | <u>Aug</u> | <u>Sep</u> | <u>Oct</u> | <u>Nov</u> | <u>Dec</u> |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 1973 | | | | | | | | | | | |
| Crude oil | 2.74 | 2.73 | 2.83 | 2.82 | 2.91 | 3.04 | 3.10 | 3.24 | 3.34 | 3.52 | 3.80 | 5.08 |
| Refined products ¹ | 2.60 | 2.83 | 2.83 | 2.92 | 2.97 | 3.10 | 3.18 | 3.37 | 3.43 | 3.70 | 4.51 | 6.14 |
| Total | 2.59 | 2.77 | 2.83 | 2.86 | 2.94 | 3.06 | 3.14 | 3.29 | 3.38 | 3.59 | 4.10 | 5.60 |
| | 1974 | | | | | | | | | | | |
| Crude oil | 6.64 | 8.94 | 10.87 | 11.67 | 11.74 | 11.64 | 12.01 | 11.90 | 11.64 | 11.57 | 11.57 | 11.62 |
| Refined products ¹ | 7.80 | 9.68 | 11.05 | 11.58 | 11.20 | 11.60 | 11.03 | 11.32 | 11.19 | 10.97 | 10.10 | 11.37 |
| Total | 7.29 | 9.30 | 10.96 | 11.63 | 11.54 | 11.63 | 11.70 | 11.73 | 11.49 | 11.38 | 11.42 | 11.53 |
| | 1975 | | | | | | | | | | | |
| Crude oil | 11.64 | 11.66 | 11.66 | | | | | | | | | |
| Refined products ¹ | 11.47 | 11.53 | 11.30 | | | | | | | | | |
| Total | 11.58 | 11.62 | 11.56 | | | | | | | | | |

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